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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAI`I

| | |
|---|---|
| VINCENT KHOURY TYLOR and VINCENT SCOTT TYLOR,<br><br>Plaintiffs,<br><br>v.<br><br>MARRIOTT INTERNATIONAL, INC., a Delaware Corporation, dba COURTYARD BY MARRIOTT WAIKIKI BEACH AND/OR COURTYARD WAIKIKI BEACH; JOHN DOES 1-10; JANE DOES 1-10; | Case No. CV 14-00069 JMS-RLP<br><br>**DEFENDANT MARRIOTT INTERNATIONAL, INC.'S MEMORANDUM IN OPPOSITION TO *PLAINTIFFS' MOTION TO DEFER OR DENY DEFENDANT'S MOTION FOR PARTIAL***<br>*[caption continued to next page]*<br><br>**JUDGE:** Hon. J. Michael Seabright<br>**DATE:** October 7, 2014<br>**TIME:** 2:30 p.m. |

DOE CORPORATIONS 1-10; DOE PARTNERSHIPS 1-10; AND DOES ASSOCIATIONS 1-10,

Defendants.

) ***SUMMARY JUDGMENT, FILED 10/3/14***; DECLARATION OF GLENN T. MELCHINGER; EXHIBIT"1"; DECLARATION OF LOUISE K. Y. ING; CERTIFICATE OF SERVICE

[Dkt. No. 33]

**TRIAL DATE:** July 28, 2015

**DEFENDANT MARRIOTT INTERNATIONAL, INC.'S MEMORANDUM IN OPPOSITION TO *PLAINTIFFS' MOTION TO DEFER OR DENY DEFENDANT'S MOTION FOR PARTIAL SUMMARY JUDGMENT, FILED 10/3/14***

Defendant Marriott International Inc. ("Defendant" or "Marriott"), respectfully submits this opposition to *Plaintiffs' Motion To Defer Or Deny Defendant's Motion For Partial Summary Judgment*, filed on Saturday, September 20, 2014 (the "56(d) Motion" or "Motion"). [Dkt. 33].

## I. INTRODUCTION

Plaintiffs fail to satisfy the requirements of Rule 56(d). The pending Motion for Partial Summary Judgment ("MPSJ") establishes that, as a matter of law, a Re-Pin on Pinterest is not a violation of the Copyright Act. Dkt. 22 & 23. Plaintiffs' 56(d) Motion argues for discovery beyond the bounds of the purely legal issues raised in the MPSJ and fails to explain why Plaintiffs' only discovery requests (10/2/14 Rule 34 requests to Marriott) arrived months after the Pinterest issue was raised, months after the case was filed and in Hail-Mary fashion, days before Plaintiffs' opposition to the MPSJ is due. Instead of explaining their own delay, Plaintiffs argue that Marriott has delayed.

Plaintiffs cite no authority that requires denial of summary judgment prior to service of initial disclosures. Plaintiffs fail to identify any particular facts to be discovered that are "essential" to deciding the MPSJ, as required in this Circuit to satisfy the requirements of Rule 56(d). Accordingly, the Motion should be denied.

## II. LEGAL STANDARD

To obtain a continuance under Rule 56(d), "the requesting party must show: (1) it has set forth in affidavit form the specific facts it hopes to elicit from further discovery; (2) the facts sought exist; and (3) the sought-after facts are ***essential to oppose summary judgment***." *Kersh v. Manulife Fin. Corp.*, 792 F. Supp. 2d 1111, 1116 (D. Haw. 2011) (citing multiple cases) (denying continuance for failure to address in an affidavit the relevant inquiries) (emphasis added).

The failure to set forth "the particular facts expected from movant's discovery" is a "proper ground for denying discovery and proceeding to summary judgment." *See also Brae Transp., Inc. v. Coopers & Lybrand*, 790 F.2d 1439, 1443 (9th Cir. 1986) (affirming denial of discovery because "movant cannot complain if it fails to pursue discovery diligently before summary judgment); *Kersh*, 792 F. Supp. 2d at 1116 (denying continuance for failure to address in an affidavit the relevant inquiries).

A party that seeks to avail itself of Rule 56(d) must demonstrate diligence in pursuing discovery *before* summary judgment motions are filed, and diligence in pursuing an extension of time thereafter. *Pfingston v. Ronan Eng'g Co.*, 284 F.3d 999, 1005 (9th Cir. 2002) (affirming denial of FRCP 56(f) motion as "failure to conduct discovery diligently is grounds for the denial of a Rule 56(f) motion.").

## III. BACKGROUND

### A. Plaintiffs have had ample opportunity to take discovery.

Plaintiffs argue that Defendant caused them to delay discovery and then confronted them with the MPSJ. *See* Mem. In Supp. Mot. ("MIS") at 10-11. This is not true.

Defendant's counsel confronted Plaintiffs with the specific legal issues in the MPSJ well before Plaintiffs filed their Complaint. Melchinger Decl. at ¶ 3. Presumably, Plaintiffs considered how to address that issue prior to filing suit, and could have begun formal discovery after the Rule 26(f) meeting in April, 23 2014. Rather, they chose inaction.

On April 21, 2014, Plaintiffs made a settlement demand with an April 28, 2014 expiration date on Marriott and the Hotel franchisee ("Hotel"). Melchinger Decl. at ¶ 4. The Hotel did not respond to this demand—which was five times Plaintiffs' previous demand—by April 28, 2014, but the Hotel *did* respond, as explained below.

On April 23, 2014, the parties held a Rule 26(f) conference. The parties orally agreed to put off discovery and initial disclosures "for a time." Dkt. 13 at 2. No formal agreement to postpone discovery other than initial disclosures was reached, and none is set out in the parties' respective Scheduling Conference Statements. Dkt. Nos. 14 & 15. Plaintiffs' counsel initially expressed a willingness to substitute the real party in interest for Marriott during the 26(f) conference. Melchinger Decl. at ¶ 5.

On May 14, 2014, the parties participated in the Rule 16 conference. Louise Ing informed Stephen Street of the limit of the Hotel’s settlement authority. At that time or later, Mr. Street told Ms. Ing that he was not interested in a counteroffer within that authority. Louise Ing Decl. at ¶ 3.

On July 15, 2014, Plaintiffs' counsel met at the offices of Alston Hunt Floyd & Ing to discuss the case. Melchinger Decl. at ¶ 6. Counsel discussed the background facts, the *Amazon.com* case relied on by the MPSJ, and Defendant's counsel provided Plaintiffs' counsel the name of the employee understood to have handled the Pinterest account. Melchinger Decl. at ¶ 6. Plaintiffs informed the Hotel and Marriott that its April 2014 offer would not be open much longer. *Id.*

On July 28, 2014, Plaintiffs sent another demand letter, dramatically increasing its demand again to nearly double the second offer and nearly ten times the first offer, alleging a total potential liability of seven figures.

Melchinger Decl. at ¶ 7. Plaintiffs' July 28th letter stated: "we are no longer willing to delay discovery which is apparently necessary to be able to have a meaningful settlement discussion." *Id*. at ¶ 7.a.

Plaintiffs further set out ***eight areas*** of discovery they would allegedly need to complete to accept Marriott was innocent. *Id.* at ¶ 7.b. Plaintiffs stated that there was no purpose in having a settlement conference with the Court "***until appropriate discovery can be taken and any issues concerning the purported Pinterest exemption can be fully briefed on summary judgment***." *Id.* at ¶ 7.c (emphasis added). Finally, Plaintiffs stated that their offer would expire "**on or before August 11, 2014, at which time we would like to proceed with scheduling initial disclosures and other discovery**." *Id.* at ¶ 7.d.

Based on this letter, counsel for the Hotel and Marriott expected Plaintiffs to initiate discovery requests and subpoenas. But none arrived until the discovery that was served on October 2.

On July 29, 2013, Plaintiffs sent demand letters to Marriott, alleging copyright infringement on two other hotels carrying the Marriott brand name, but unrelated to the franchisee of the Courtyard by Marriott Waikiki Beach: the Courtyard Kaua’i at Coconut Beach and the Courtyard Kahului Maui Airport. Plaintiffs also sent copies of the demand letter to counsel for Marriott in this lawsuit. In response, counsel for Marriott in this lawsuit informed Plaintiffs that Marriott International simply did not run all the local properties and that many were franchised. Melchinger Decl. at ¶ 9.

On August 14, 2014, Mr. McDowell, counsel for the Hotel, sent another settlement offer to Plaintiffs offering (a) to settle the one copyright infringement claim not involving a Re-Pinning on Pinterest and to address claims relating to the alleged Re-Pinnings via motions for summary judgment, or, alternatively, (b) to negotiate a global resolution. Melchinger Decl. at ¶ 10. On August 14, 2014, Plaintiffs rejected this offer:

> We will advise the Court that having finally received this settlement offer, we see no purpose in wasting the judge's time in an early settlement conference before discovery is completed and the parties have the opportunity to present these issues to the Court on motions for summary judgment on a fully developed record.
>
> Given the nature of this offer, we can only consider the last three months as some kind of a misguided delaying tactic.

Melchinger Decl. at ¶ 11. But Plaintiffs still served no discovery.

On August 15, 2014, Plaintiffs' counsel stated that he intended to create law in this case, that he did not intend to attend the September 29 settlement conference, and that he would seek discovery on social media, on Marriott, on Marriott's guidance to the Hotel franchisee, and other issues. *Id.* ¶ 12.

On August 29, 2014, Marriott's counsel sent Plaintiffs a proposed stipulated protective order ("SPO") as a prelude to discovery of confidential, proprietary or sensitive information. *See* Melchinger Decl. Ex. "1." Plaintiffs' counsel did not respond to the proposed SPO until 11:15 AM, October 6, 2014. Melchinger Decl. at ¶ 13.

On September 10, 2014, Defendant's counsel orally conveyed another settlement offer. Melchinger Decl. at ¶ 14. Plaintiffs' counsel rejected the offer and stated again that he needed discovery on the "marketing system" and the "value of Pinterest," and that he was interested in litigating this case. *Id.*

**B. The MPSJ and Motion to Amend**

On September 19, 2014, counsel provided Plaintiffs with an advance copy of the MPSJ, along with a counteroffer to settle all issues related to the Courtyard Waikiki Beach, and informed them the MPSJ would be filed on September 22, 2014 if the parties could not settle by then. Melchinger Decl. at ¶ 15. Plaintiffs' counsel asked Defendant's counsel not to file the MPSJ before they spoke on Monday morning.

On Saturday September 20, 2014, Plaintiffs filed their Motion For Leave to Amend and Add Parties (the "Motion to Amend"). Dkt. 19.

On September 22, 2014—more than nine months after raising the underlying issues with Plaintiffs—Marriott filed its MPSJ and supporting concise statement of fact. Dkt. Nos. 22 & 23.

**C. Plaintiffs have not been diligent in seeking discovery.**

Plaintiffs have had the ability to conduct discovery since April 23, 2014 following the 26(f) conference, have made multiple *threats* to do so, but have not done so. Plaintiffs finally served their *first* discovery request on Marriott on October 2nd. Dkt. 32. Plaintiffs have not served any discovery request or subpoena on any third party.

**D. Marriott's "Refusal" To Conduct Discovery.**

Plaintiffs fail to identify any information that is essential to the MPSJ. Also, as Plaintiffs have repeatedly been informed, Marriott—as a franchisor—does not have information relevant to the claims because the Hotel is owned by a franchisee and not managed by Marriott. Nevertheless, the Court can rule on the MPSJ regardless of any facts known by Marriott or the Hotel because it is based on Plaintiffs' own allegations and the operation of Pinterest.

Plaintiffs are entitled only to discovery shown to be "essential" in their 56(d) Motion, but not the fishing expedition they propose. They are certainly not entitled to discovery on the newly added claims in the proposed FAC unless and until their Motion to Amend is granted.[1]

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[1] Contrary to Plaintiffs' arguments, delaying discovery until the scope of the claims is fixed—namely, *after* rulings on the pending motions—is appropriate. *See Rutman Wine Co. v. E. & J. Gallo Winery*, 829 F.2d 729, 738 (9th Cir. 1987) ("It is sounder practice to determine whether there is any reasonable likelihood that plaintiffs can construct a claim before forcing the parties to undergo the expense of discovery.").

**E. Plaintiffs' Over-Reaching Discovery Requests.**

Plaintiffs' Rule 34 requests do not go to the question of whether, as a matter of law, Re-Pinning an image on Pinterest can constitute copyright infringement, which is the issue in the MPSJ. Instead, they cover the *same* areas on which Plaintiffs declared they would seek discovery in their July 28, 2014 demand letter (and inexplicably seek information related to the three new, unrelated, properties in their proposed First Amended Complaint as if this Court had already granted that amendment). Dkt 19-2. Plaintiffs fail to explain why they did not diligently pursue the requests they now argue are essential. Plaintiffs have had *ample* motivation to initiate discovery earlier because they: (a) have a "pipeline" of seven other cases pending in this Court alleging use of images on Pinterest;[2] (b) repeatedly stated to defense counsel that they viewed

[2] *See Tylor v. Aqua Hotels & Resorts, LLC et al.*, 13-cv-00433-LEK-BMK, filed 8/28/2013; *Tylor v. Aston Hotels & Resorts*, 13-cv-00648-ACK-RLP, filed 11/25/2013; *Tylor et al. v. Discovering Hidden Hawaii Tours, Inc. et al.*, 14-cv-00036-JMS/RLP; *Tylor v. Scott Shoe Co., Ltd.*, 14-cv-00065–DKW-MK, filed 2/5/2014; *Tylor et al. v. Copley Investment Group, LLC*, 14-cv-00211-JMS/BMK, filed May 2, 2014; *Tylor et al. v. Winnow Information Network, LLC*, 14-cv-00324 DKW-MK, filed 7/18/2014; and *Tylor et al. v. Maui Molokai Sea Cruises et al.*, 14-cv-00415 LEK-RLP, filed 9/12/2014. Defendant requests that the Court take judicial notice of these cases pursuant to FRE Rule 201(b), as these cases are generally known within the jurisdiction of this Court and are capable of ready and accurate determination by reference to the Court's own records. *Club at Hokuli'a, Inc. v. Am. Motorists Ins. Co.*, Civil No. 10-00241 JMS/LEK, at *16-17, 2010 U.S. Dist. LEXIS 114569 (D. Haw. Oct. 26, 2010).

this case as the test case—as the one to litigate; and (c) were given months of notice of the very issue set forth in the MPSJ.

## IV. ARGUMENT

### A. Plaintiffs Fail To Satisfy The Requirements Of FRCP 56(d).

The MPSJ involves the application of the Ninth Circuit's "server test" to a limited set of facts related to Pinterest.[3] The MPSJ does not concern *ABC, Inc. v. Aero, Inc.*,[4] damages, Marriott's status as franchisor, income from websites, web analytics, "policy" issues, or anything else in Plaintiffs' counsel's declaration. No amount of discovery can overcome the clear law of this Circuit. Indeed, the MPSJ assumes *arguendo*, and solely for the purpose of the MPSJ, that Marriott is the party liable on Plaintiffs' claims. *See* Dkt 22-1 at n.1.[5] Accordingly, the franchisor/franchisee issues and other discovery that Plaintiffs seek from Marriott are irrelevant (as opposed to essential) for the purposes of the MPSJ. *See* Dkt 33-3.

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[3] *See Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1159 (9th Cir. 2007) (discussing the "server test").

[4] MIS at 7; 134 S. Ct. 2498 (2014). As Plaintiffs are aware, the holding in *Aero* is limited, deals with videos and different broadcasting technologies than the still images here, and concerns the "transmit" clause and "performance" rights that are not involved here. *See* 134 S. Ct. at 2510.

[5] Plaintiffs' own authorities indicate that this Court may assume facts for the purposes of a Rule 56 motion in a way that obviates the need for a 56(d) continuance and justifies denying a Rule 56(d) motion. *See MIS* at 4-5, citing *Ill. Nat'l Ins. Co. v. Nordic PCL Constr., Inc.*, Civil No. 11-00515 SOM/KSC, 2013 U.S. Dist. LEXIS 151748, *39-40 (D. Haw. Oct. 22, 2013).

Plaintiffs' sole attempt to set out "particular facts" that are expected from discovery comes in four paragraphs of the declaration of its counsel. Dkt. 33-2 ("Counsel's Declaration") at ¶¶ 15, 16, 17, and 18. None of the facts set forth in that declaration are "essential to oppose summary judgment" as required. Fed. R. Civ. P. 56(d); *Kersh*, 792 F. Supp. 2d at 1116.

**1. Paragraph 15 lists irrelevant discovery.**

Paragraph 15 contains nothing that bears on the MPSJ, which assumes *arguendo* Marriott's involvement solely for the purposes of resolving the legal issues in the MPSJ. Dkt 22-1 at n.1; Dkt 33-2 at ¶ 15. The only specific facts Plaintiffs say they expect to uncover are documents that bear on "the business model behind Marriott's infringing activity" to allegedly show a "large-scale social media marketing campaign by Marriott." Dkt. 33-2 at ¶ 15. This is irrelevant to whether an allegedly infringing copy of an image was made or displayed within the meaning of the *Amazon.com* case cited in the MPSJ. *See* Dkt. 22-1 at 1. Plaintiffs' vague jargon does not explain how any fact in ¶ 15 is *essential*.

Plaintiffs' theory that "Marriott" allegedly did bad things is also unsupported. Plaintiffs *assume* and argue "Marriott" is responsible for a vast, orchestrated campaign to infringe copyright—an absurd proposition—supported by nothing but conclusory statements.

### 2. Paragraph 16 lists more irrelevant facts sought from Marriott.

Paragraph 16 addresses the alleged need for documents related to Marriott's status as franchisor and its relationship with its franchisees. Dkt. 33-2 at ¶ 16. Again, the MPSJ assumes as true for its purposes that Plaintiffs' allegations are correct and Marriott is the party that did the Re-Pinning. Dkt. 22-1 at n.1. Plaintiffs again fail to show any "particular facts" that are "essential to oppose summary judgment." Fed. R. Civ. P. 56(d); *Kersh*, 792 F. Supp. 2d at 1116. Clearly, the identity of the Re-Pinner is of no consequence if the Re-Pins complained of are not infringement.[6]

### 3. Paragraph 17 also fails to specify any fact essential to deciding the MPSJ.

Paragraph 17 of Counsel's Declaration is the only paragraph that comes anywhere near the Re-Pinning issues raised in the MPSJ. Dkt. 33-2 at ¶ 17]. However, this paragraph, too, fails to set out any "particular facts" that exist and which are "essential to oppose summary judgment." *Kersh*, 792 F. Supp. 2d at 1116; Fed. R. Civ. P. 56(d).

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[6] Plaintiffs also ignore the fact that Marriott circulated a form of SPO to Plaintiffs on August 29, 2014. Melchinger Decl. at Ex. 1. On September 10, Marriott's counsel reminded Plaintiffs' counsel about the SPO and the fact that confidential franchise documents and business terms (though Marriott did not think such documents were relevant) could not be disclosed without the SPO and redactions. Melchinger Decl. at ¶ 14. Plaintiffs' counsel never commented on or signed the SPO until 11:15 AM, October 6, 2014. *Id.* at ¶ 13.

Plaintiffs state that they wish to conduct discovery to learn if a "'re-pinned' image is actually a free-standing copy, one that continues to exist on Pinterest.com even when the third party's source image from which a 're-pin' was generated is subsequently deleted." Dkt. 33-2 at ¶ 17. In simple terms, Plaintiffs want to know if a copy still exists on Pinterest after it has been removed from a user's board. But the issue Plaintiffs seek to raise is not "essential" to the MPSJ because it is irrelevant to the question of whether a Re-Pin on a defendant's board is copyright infringement. The question at bar is whether the act of Re-Pinning creates a copy. If it does not, then the effect of *removing* a Re-Pin has no relevance.

**4. Paragraph 18 also seeks non-essential information.**

Finally, Plaintiffs argue that "Marriott" has not submitted evidence "of its relationship, or lack of relationship" to the individuals who originally pinned the images that Plaintiff alleges were re-pinned. Dkt. 33-2 at ¶ 18. This is not an issue that is "essential" to the MPSJ. Even assuming *arguendo* that these third party users were all Marriott or Hotel confederates, secretly combining to post Plaintiffs' images, it does not matter if Re-Pinning does not constitute copyright infringement. The only issue in the MPSJ is whether Re-Pinning is legal under Ninth Circuit precedent.

### B. Plaintiffs' Authorities Are Inapposite.

Plaintiffs argue that this is a case like *Burlington N. Santa Fe R.R. v. Assiniboine & Sioux Tribes of the Fort Peck Reservations* in that there was no realistic opportunity to pursue discovery herein. 323 F.3d 767 (9th Cir. 2003). As shown above, this is wrong. Plaintiffs had ample opportunity and ample information, but failed to do anything. Further, Plaintiffs still have not served any discovery that seeks information essential to the MPSJ.

Plaintiffs contend the 56(d) motion should be granted "fairly freely" under *Burlington*. MIS at 5. Plaintiffs' reliance on *Burlington* is misplaced because in that case the Rule 56 motion was brought "less than a month after filing suit," only about a week after filing such a motion was permitted. *Id.* at 773. Here, the motion was filed seven months after the suit was filed, months after discovery was permitted, and months after Plaintiffs stated they thought discovery was needed. Further, even *Burlington* permits discovery only as to facts *essential* to the MPSJ; the court in *Burlington* rejected discovery of areas where it found "discovery would be futile." *Id.* at 774. *Burlington* offers no help to those who delay in conducting discovery.

Plaintiffs' reliance on *Visa International Service Ass'n v. Bankcard Holders of America* is also misplaced. 784 F.2d 1472 (9th Cir. 1986); MIS at 6. Plaintiffs rely on the proposition that "Summary denial [of a Rule 56(d) motion] is especially inappropriate where the material sought is also the subject of outstanding discovery requests." *Id.* at 1475. But this only applies if the discovery sought is actually essential, and is not obviated by assumptions that make the discovery moot.[7]

## V. CONCLUSION

Marriott respectfully requests this Court deny the 56(d) Motion, require Plaintiffs to file their opposition by October 13, 2014, and keep the hearing on November 3, 2014 as scheduled.

Dated: Honolulu, Hawai`i, October 6, 2014.

/s/ Glenn T. Melchinger
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[7] Plaintiffs' other authorities fail for the same or similar reasons.